G.R.S. IX-5]

Previous references.
Ptc 135-B-21-(31+32)
129-19-(23-27)

1922.
(Ptc)

File No. 29 of 22

Serial Nos. ~~1 2 3 4 5~~
Sl. 1, 3, 4, 5

Later references.
Gen. Rev. 67/Ptc
Ptc (1922-23)
Ptc 29-22-(12-19+21)
Ptc 25-23 (1-4)
Ptc 187-24 (1-3)
~~187-24 (1-3)~~

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 4

Part B for September 1922

SUBJECT

Transfer of the Government Soap Factory to private Agency.

Ses)

To

The Director of Ptc
No. Ptc 1780 of 1579/22
Forwarding the approval of Govt. to Change of last date for Submission of tenders for the purchase of the Govt. Soap Factory from 31st Oct. 1922 to 15th Dec. 1922.

G. R. S. 11] 1922-23

GENERAL AND REVENUE SECRETARIAT.

(I & C)

NOTES.

File No. 29

FILE HEADING.

Transfer of the Govt. Soap factory to private agency.

From

The Director I & C

No. G.C. 50 Dated 25.7.22 Received 31.7.22

Diary No. 553	Enclos. 2	Spare Copies.	Serial No. 1

BRIEF ABSTRACT OF LETTER.

Submits draft of a notification inviting tenders for the purchase of the Govt. Soap factory as a going concern, with his own recommendations for the future working of the concern

NOTES AND ORDERS.

1) First member's orders on the above :—

Vide marginal notes below.

The draft notification may be got carefully and early scrutinised by the G. A.

Sd. P.R.R.
26.7.22

NOTES—First Sheet.

G. R. S. III-2]

(61)

General and Revenue Secretariat. | Jud File No. 29 of 19 22

Serial No.

2) Forwarded unofficially with compliments to the Govt. Advocate for favour of scrutiny of the draft notification and opinion.

By Order
M Ramchandra 31/7
for Genl. Secy.

Jud
31.7.22.

W.O. No. 14/22-23 dt 1.8.22

3) The draft appears to be quite suitable and there are no suggestions or criticisms that I can offer from the legal standpoint.

4) I would however propose a few verbal alterations and a suggestion as also.

(1) In para 4.(a): put in the words " and registered in Mysore" appearing in the last line, immediately after the words " that may be formed".

(2) 4.(b)(i) is too vague and may be omitted as the ground is also covered by the last sentence of the Notification.

(3) As regards the question of the price of "Good will" the Government have to decide

clearly

NOTE—Contn. sheet.

G. R. S. III-2

General and Revenue Secretariat. | File No. 29 of 19

Serial No.

clearly and definitely beforehand as to what is intended by this Expression and whether they are prepared to permit the use of the name "Government Soap Factory" or permit the association of the Expression "Mysore Government" either with the Factory or its products. I remember that the same question came up for consideration on a previous occasion.

(4) In 3(4) it is not stated from what period the period of one year is to commence. This will have to be clearly specified to avoid future difficulties. It cannot obviously be calculated from the date of notification, as some time is sure to be taken up for a careful consideration of the several tenders and the communication of the final decision to the successful tenderer.

5) In other respects the

Draft

NOTE—Contn. sheet.

[G. R. S. III-2]

General and Revenue Secretariat. | File No. 29 of 19 21

Serial No.

Draft is quite all right.
Recommended
Govt. advocate
1/8/22.

~~A. G. Pea~~

6) As under the last sentence of the draft notification, it is open to Govt to impose further conditions and as it is not obligatory on the Govt under the last paragraph to accept any tender, the question for immediate decision seems to be whether the draft notification may issue with such modifications as may be immediately decided upon, although the Director advises reconsideration of the policy of calling for tenders, on the ground ~~that~~ among others that the glycerine content has not been demonstrated to be a success yet. How far Govt should consider the

NOTE—Contn. sheet.

(5

G. R. S. III-2

General and Revenue Secretariat. | File No. 29 of 19 22

Serial No.

Composition of Inter Boards a private discovery will if permitted be ascertained after the issue of the draft Notification is decided upon

Draft Directive

B/1.8.22

Mr

1124-64

2.8.22

1) The verbal alteration suggested by the Q. A. may be accepted. As regards "Good will" & period, it seems to me that the former should be construed as meaning & including the present name "Govt. Soap Factory" for when licensed & a private Company it can be no longer be a "Govt." Factory. It would be a contradiction in fact & a fraud on the public. The Officers may however be permitted to style themselves "Successors to the Govt. Soap Factory". In the matter of the period, it ought, I think, to be computed from date of conclusion of preliminary negotiations i.e. prior to issuance of offer by Govt. & not any Earlier date.

2) I have already given Expression to my views

NOTE—Contn. sheet.

Serial No.

about the Director's recommendation for the further retention of the Factory under Govt. management. I have since met Y also Explained the position to him. Transfer can be effected only if no suitable offers are received.

2) So far as Mr. Shashiji's claim is concerned it requires the Examining him reference to this agreement. If it is found that his claim is in order he will have to be paid for his secret, the amount being recovered from the purchasers by adding it to the "Govt Sale".

Recd
3.8.22

Mr Dewan:

4/8/22

1) I kindly may be informed with the amount required to clear it may be done
The Pleasure received.
Govt letter again. 5.8.
Request that hence since
proposed may however be referred

12) 8/8/22
13) MR

(7

G. R. S. III-2

General and Revenue Secretariat. | Jt. File No. 29 of 19 22

Serial No.	
	14) Submitted with a draft reply to the Director. H D F N will be put up, if approved, after issue of the draft.
	15) A draft briefing notice incorporating the suggestions made above is also put up for approval. The N.B. to clause 4(9) is for orders.
	16) Secy.
1330-270 10.8.22	17) Orders approved. A D F N may be put up
	18) A D F N is put up as ordered. As the papers were only recently received from W.H. for information it may not perhaps be necessary to submit them again at this stage

NOTE—Contn. sheet.

P.T.O.

(6

[G. R. S. III-2]

General and Revenue Secretariat.	File No.	of 19

Serial No.

1397-337
12.8.22

19) D. D. N. approved.
There is no harm done. It is better that
H. H. is informed. Pass him. Shine, in final notes

Neel
14.8.22

Need
16/8/22

20) S 16/8/22

21) Write a D&N

22) Mos
16/8/22

23) Dewan
14/8

NOTE—Contn. sheet.

(9.

Final Note by the First Member of Council.

Subject:— (24)

Draft of a notification inviting tenders for the purchase of the Government Soap Factory.

Kind reference is invited to my Final Note dated the 13th July 1922 in which I have, among other matters, submitted for His Highness' information, the resolution of the Council that in regard to the future of the Soap Factory, fresh tenders for the disposal of the Factory may be called for.

2. In accordance with the instructions conveyed to him, the Director of Industries and Commerce sent up a draft notification, which was got scrutinised by the Government Advocate.

3. The draft tender notice, as finally revised, will now be sent to the Director for being published widely and the applications received sent up to Government when they will be examined and submitted to His Highness for gracious orders.

4. These papers are now submitted for His Highness' gracious perusal.

P Raghavendra Rao

14th August 1922. MEMBER OF COUNCIL. 8. 22

(40

Submitted to His Highness.

(25) I submit herewith, for His Highness' gracious perusal, a Final Note by the First Member of Council in the matter of a draft Notification proposed to be issued calling for tenders for the purchase of the Government Soap Factory.

Camp Tumkur,
20th August 1922.

10 AUG 1922

Record of Cases submitted for the Orders of His Highness the Maharaja

Subject.

26) Draft Notification calling for tenders for the purchase of the Government Soap Factory.

27) *Order.*

~~KRW~~
31/8/22

28) Send very up

29) 4/9/22

SEP 1922

30) 4/9

31) 1st Member Secy. Further action will be taken soon & delay avoided 5-9-22

32) 6.9.22

33) Draft letter sent 6/9

G. R. S. III-2]

General and Revenue Secretariat. | I&C File No. 29 of 19 21

Serial No.

34) May the draft, already in the file, approved by the Member, issue?

Sd/ V S
6.9.22

35) Yes
Sd/ M S
6/9/22

2 To the Director I&C. 1511 & 7.9.22

Forwards the draft of the lessee notice as approved by Govt. and requests him to take the necessary further action in the matter.

4 From the Director I&C 815.0 & 8.9.22 D.O.

Requests that the date for submission of leases may be changed from 31.10.22 to 15.12.1922 on the ground that at least 3 months' time is necessary for persons to make the ~~necessary~~ preliminary arrangements before submitting a lease.

36) Submitted for orders

Sd/ V S
8.9.22

37) MS 8-9-22

Cl (see 7)

39) The draft lease notice has been approved by His Highness. Any alteration may have to be submitted again for approval perhaps

MS 8/9

Just Member 9.7.0

40) P 8.9.22

38) MS 8/9

NOTE—Contn. sheet.

G. R. S. III-2

5.5.3.

(13

General and Revenue Secretariat. | JC | File No. 29 | of 1921..

Serial No.

2021-160
8.9.22

41) I think the Director's recommendation has to be accepted. There has been some unavoidable delay in issuing the instructions & I think it is necessary to give three months' notice to intending purchasers. If the Dewan approves, the date may be modified as proposed. Please submit file to Dewan

Rec'd
9-9-22

Dewan
9-9-22

42) I agree.

43) 11 SEP 1922

11/9/22

44) Draft
11/9

45) Draft ordered.
11.9.22

46) 11/9

47) Member

2119-254
12.9.22

48) Draft as proposed

Rec'd
13.9.22

11/9/22

49) 15/9/22

50) Issue letter
15/9

NOTE—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat.

D. File No. 89 of 1922.

Serial No.	
5.	1730 & 15-9-22 To See D. 2 ante. conveys the approval of Government to the proposed change in the notice calling for tenders. B

GEN. & REV. SECRETARIAT
19 SEP 1922
INDUSTRIES & COMMERCE, BRANCH.

NOTE—Contn. sheet.

Strictly Confidential

Ind 29-22 Serial 1/15

1. TELEGRAPHIC ADDRESS "INDUSTRIES"

In reply please refer to No. IC 50/22-23

876-326. 26.7.22. First Member

20/7/22

ENCL. No. 2

GEN. & REV. SECRETARIAT D. 553 31 JUL 1922 INDUSTRIES & COMMERCE BRANCH.

OFFICE OF THE DIRECTOR OF INDUSTRIES AND COMMERCE, IN MYSORE.

Bangalore 25 July 192 2.

FROM

P. G. D'SOUZA, ESQ., B.A., B.L.,

Director of Industries and Commerce in Mysore

Bangalore (India)

Vide marginal notes below. The draft notification may be got carefully typed & sent in duplicate to Secy. to G.

To

20/7/22

26.7.22

The Secretary to the Government of Mysore,
General Department,
B a n g a l o r e.

SIR,

With reference to your letter No. IC. 551 I & C dated the 20th July 1922 requesting me to send up a draft of a notification inviting tenders for the purchase of the Government Soap Factory as a going concern, I have the honor to submit herewith a draft for consideration.

I beg however, that Government may be pleased to reconsider the decision to transfer the Soap Factory immediately to private enterprise for the following reasons :-

a) Reference is invited to the accompanying Annual Report of the Government Soap Factory for the year 1921-1922 from the Industrial Chemist which clearly shows that the concern was never in a more satisfactory condition nor its prospects better than at present. Though the Glycerine plant has not as yet been set up, we have, after paying the previous years' losses and interest on the capital at 6 per cent made a net profit of Rs. 30,514-5-6 on a capital outlay of Rs. 32,000/- if the actual cost of the plant in operation is taken into consideration or Rs. 62,000/- the total cost of the plant including the Glycerine Recovery plant which has not been utilised. The net profits leave a sufficiently wide margin of profit even if the extra capital of about Rs. 2 Lakhs I have asked for does not yield any immediate return which is most unlikely.

This is not the point for consideration. Govt. does not want to take up such industries as a monopoly. The policy of Govt. is otherwise. Industrial concerns should be transferred to private enterprise only when they are in a position to succeed financially. The soap factory at present is a paying concern

b) If it is the intention of Government to develop the concern purely through local enterprise and capital, the present moment does not seem to me opportune to enlist the right kind of persons to take up the industry. It is a sad fact that there are very few people in the State who have sufficient financial backing and influence to be able to raise the capital required for such an enterprise who are likely to come forward to develop the factory. Applicants for such concers usually fall into two classes : -

1. The bona-fide industrialists with proper business ability and connections who really intend to develop the business.
2. Men with a certain amount of enterprise and adventurousness among the people of the State, who perceiving an opportunity afforded by the offer of a Factory which is known to yield a good profit to exploit it to their advantage, apply for it and then speculate with it. From enquiries I have made, I am doubtful whether it would be possible to get applicants coming under Class (1). Having regard to our past experience it is necessary to take every precaution to see that the concern does not pass into any hands that propose to use it more or less solely for purposes of speculation. What is likely to happen is that the applicant who is given the concern on the ground of his being a native of Mysore will be forced to take in the assistance of an outside capitalist who for that very reason will expect an unreasonable share of the profits or if he relies entirely on local capital will soon find that he is not able to raise the required capital.

c) If no conditions are attached to the sale that the applicants should be natives of Mysore or that the bulk of the shares are made available for the people of the State it would no doubt be possible to get very satisfactory offers from outsiders, but this does not seem to me desirable and the imposition of any such conditions naturally reduces the value the outsiders consider themselves justified in offering as from a business point of view they would regard such conditions as handicapping them unnecessarily.

(17)

d) There are also certain difficulties in the way of the people of the State being able to develop the industry immediately. The Glycerine Recovery plant has not been set up. Without trying it, it is difficult to say what the results would be. Sir Alfred Chatterton was of opinion that it may not pay us to recover the Glycerine as - - there is not sufficient Indian demand for refined Glycerine. I do not share his doubts as our output will be relatively small and it is not proposed to refine the glycerine at present. Crude Glycerine is largely used in India. But when local people take up the industry they naturally expect the Department to do everything to make it a success and it may not be possible to give this help if the concern is taken over by private enterprise. It is much better to give the concern to some one who is prepared and able to take all risks than give it to local people who would still expect the department to help them and throw upon the Department the blame for failure.

Why not? Pl.

e) The composition of the Toilet Soaps is considered by Mr. S. G. Sastry to be his private discovery and treated as a Secret. A great part of the value of the Factory will disappear unless Government can also give the recipe to the purchaser and suitable arrangements should be made to make this recipe available to the purchasers by Government before the factory is transferred. The best plan seems to be to - offer him Rs. 3,000/- out of the "Goodwill" and make him disclose the composition to the purchasers in case he is not to be employed by - them.

This requires examination Pl.

f) The present value of the "Goodwill" is necessarily high. When a concern is able to yield a profit of Rs. 30,000/- on a corresponding capital investment it is not too much to ask for Rs. 30,000/- as "Goodwill". Government may take shares to this extent. If however the factory is fully developed the value of the Goodwill will be still - higher and I feel sure that Government may be able to secure by way of Goodwill sufficient amount to start another demonstration factory.

If tenders are to be called for, I consider it necessary to give at least 3 months' time for people to consider what arrangements they should make and come up to Government only after their final proposals and scheme are ready. If a shorter time is fixed the intending - -

intending purchasers will not have sufficient time to gauge the amount of public support they are likely to get. The successful tenderer should at least have three months' time to form the Company and raise the amount. So three months' time is necessary for payment. It will take at least six months to get a site, permission from the Municipality and commence the building. A period of six months is not therefore sufficient to move the factory. It is better to fix the period once for all at one year and levy suitable rent.

These are reasonable requirements

Our experience shows that the future development of the factory is not likely to be attended by any risks. On the contrary it will prove remunerative. When the industry has been built up there is likely to be no difficulty in getting suitable local people to take it up, but till then I am afraid that by calling for tenders we either give scope to the concern passing into the hands of persons that will not be able to develop it or to outside exploiters.

It is for this reason I have taken the liberty of pressing again for a reconsideration of the matter. The response to the present notification may not be more satisfactory than before and I beg to urge most earnestly that we should lose no more time in developing the Factory.

I have the honor to be,

Sir,

Your most obedient servant,

Peter Grant

DIRECTOR.

PGD-USO)

(17

DEPARTMENT OF INDUSTRIES AND COMMERCE IN MYSORE.

Notification No.

Seen Rec 26-7-22

The arrangements made in pursuance of the notice dated the 27th May 1921 for the transrer of theMysore Government Soap - Factory having been terminated by Government for non-compliance with the terms thereof, sealed tenders will be received for the purchase of the Government Soap Factory, as a going concern, in the office of the Director of Industries and Commerce upto 12 noon of the 31st October 1922.

2. The reputation of the Mysore Soaps is now ~~thoroughly~~ substantially well established and the demand for them at present is far in excess of the output of the factory. The factpry yields a high rate of profit and the concern can be made still more remunerative if developed with adequate capital. Full information can be obtained by bona-fide applicants from the Industrial Chemist in charge of the Government Soap Factory as to the results of the - last year's operations on payment of a fee of Rs. 5/- (Rupees Five only). Rough estimates of the probable amount required for the development of the Factory can also be obtained from him on payment of a fee of Rs. 25/- (Rupees Twenty Five only).

3. Each tender must be accompanied by a deposit of Rs. 5,000/- (Rupees Five Thousand only) in cash or in currency notes and - - should be subscribed "TENDERS FOR THE PURCHASE OF THE GOVERNMENT SOAP FACTORY". Tenders without the deposit amount will not be considered. The deposit in the case of the successful tenderer will be credited towards the purchase value and returned in the case of others. The deposit will be forfeited to Government if the successful tenderer fails to comply with any of the conditions of the tender or fails to pay in full the full purchase ~~xxx~~ value and take over the concern within the time fixed on the acceptance of the tender.

4. The tender will be subject to the following conditions and tenderers are requested to give exhaustive and clear information

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information in respect of their ability to comply with each of the conditions -

a) Preference will be given to applications from natives of Mysore by birth or by domicile, who are able to start a Joint Stock Company to take over the enterprise, or, from Joint Stock Companies already existing in the State or that may be formed for the ~~xxxxxxxx~~ purpose of promoting and developing the Soap - - Factory and registered in Mysore.

b) Applicants from outside the State shall be required to satisfy the following conditions -

i) That a Joint Stock Company will be floated and registered in Mysore.

ii) That not less than one-third of the shares will be reserved for Mysoreans.

ii) Provision will be made for Mysore representatives on the Directorate.

iv) That the Factory will not be removed ~~from the~~ outside Mysore territory

v) That they will associate the people of Mysore in any other reasonable manner that the Government may direct with the undertaking.

c) No tender will be considered unless Government are satisfied that the tenderer will be in a position to raise the capital that the Government may deem necessary for the full development of the Factory. Each tender should indicate the total amount proposed to be raised for the development of the factory and the manner in which the capital will be guaranteed.

Read 26.7.41

d) The transfer of the factory will be made only on payment of the full amount of the purchase money in cash. The purchase money should include all the Assets of the factory and the amount that may be paid to Government in cash or in shares as "Goodwill" The Assets consists of -

"A" 1. Machinery
2. Tools & plant
3. Furniture

"B" 1. Goods under Process
2. Finished stock of goods
3. Raw materials.

(21

Complete list of Assets of Class "A" may be had on application to the Industrial Chemist in charge of the Government Soap Factory with a remittance of Rs 5/-. An approximate idea of (cash) stock under class "B" can be formed on application to the Industrial Chemist who has been authorised to furnish figures under these heads as on 30th June 1922 to those who have obtained from him a copy of the Fixed Assets, the actual stock being valued at market rates at the time of handing over the concern.

e) The purchaser should pay for all machinery (including the Glycerine Recovery plant) already ordered or any that may be ordered for the factory whether installed and in operation or otherwise at the Government valuation and will be bound by all arrangements that may have been made by the Department in connection with the factory prior to the transfer.

f) A period not exceeding three months from the date of intimation of acceptance of the tender will be allowed for payment of the purchase money and making all other arrangements that may be necessary to take over the factory.

g) Each tender should also state the amount that would be paid as "GOODWILL".

h) The purchaser will be required to move from the present site and vacate the Government building within a period not exceeding one year under any circumstances, and pay such rent as may be fixed by Government for the use of the site and the buildings while the factory is continued thereon.

4). The final acceptance of the tender will rest with the GOVERNMENT OF MYSORE who are not bound to accept the highest or other tender or assign any reason for the acceptance or rejection of any tender. Government reserve to themselves the right to impose such further conditions as they may deem fit in accepting the tender to ensure permanent continuance of the factory within the State and its satisfactory development and management

22

management.

Bangalore, Dated
the July '22

DIRECTOR OF INDUSTRIES & COMMERCE

USC)

4C
send requisites
to other offices.
Ir
20/7/22

THE GOVT SOAP FACTORY,

BANGALORE.

ANNUAL REPORT

1921-1922

Government Soap Factory,

No. 187. Bangalore,

Date, 20 th, July 1922.

From

The Industrial Chemist,

Government Soap Factory,

Bangalore.

To

The Director of Industries & Commerce,

Bangalore.

Sir,

I have the honour to submit a report about the working of the Government Soap Factory during the Official year 1921-1922.

The year under report has been one of mixed blessings. It has been a most prosperous year from the financial point of view and it has been a most anxious, worrying and disappointing year from other points of view

There was no change in the establishment.

Establishment. The Industrial Chemist, who also acted as Secretary to Board of Scientific Advice, was in charge of the Soap Factory and the Government Gas House. He was elected a Fellow of the Mysore University and he was made a Member of the Board of Industries and Commerce. He was also elected to serve on the Executive Committee of the Mysore Chamber of Commerce. He was deputed by the Department to attend the Indian Science Congress held at Madras during January and

and February of this year. He appeared before the Indian Fiscal Commission as an elected representative of the Mysore Chamber of Commerce. He gave evidence before the Committee of Enquiry of the Indian Institute of Science. He also gave evidence before the Special Finance Committee.

During the Official year the Industrial Chemist was on privelege leave from June 27th onwards.

A prosperous year.

I cannot resist the temptation of placing before you, first and foremost, the financial results achieved during the year under report. In order to appreciate the same, one or two facts must be mentioned before hand. Firstly the approximate cost of the operative portion of Machinery is about Rs.32,000/= and no more. The Glycerine plant costing us nearly Rs.25,000/= and for which interest and depreciation charges are provided in the Balance Sheet is idle, doing no work and tending to rust. Two defective pans, a crutcher and a causticiser, costing in the agregate about Rs.10,000/= are also doing nothing, except increasing interest and depreciation charges. Therefore even though the balance sheet shows a Capital (fixed) of more than Rs.62,000/= as Machinery, the portion of it that is entirely responsible for the financial results, does not cost more than Rs.32,000/=. Secondly the financial results obtained are calculated after providing for interest and depreciation charges for the inoperative portion of the machinery (it is something like feeding an unearning member of the

the family, who is to wit a cripple) and also after providing fully for interest on Capital at 6%, for audit charges and for working charges of the Central Industrial Stores during the first half of the Official year. In addition to the above, certain claims, belonging to previous years, has to be settled out of the earnings of this year.

Profits for the year 1921 -- 1922

After meeting all the above charges the Balance Sheet for period ending 1921-1922 shows a net profit of Rs.29,395-13-4 to its credit. The balance sheet for the first six months of the year showed a net profit of Rs.6,966-9-6 and after certain adjustments for previous year's losses were made, a net profit of Rs.5,848-1-4 was shown as a result of running the factory till December 31st, 1921. Therefore the second half of the Official year is responsible for a net profit of Rs.23,547-12-0. This figure has not yet been certified by the Auditors. But I am confident that the figure even when audited will be substantially the same.

	Rs.	As.	Ps.
The profits during first half of the year 1921-1922 ..	6,966	9	6
During the second half of the year 1921-1922	23,547	12	0
Rs.	30,514	5	6

A very profitable year.

The financial position of the factory as a result of four years working will be a net profit of Rs.29,395-13-4. Taking only the Official year 1921-1922 into consideration, and taking into consideration that the operative portion of the capital is only Rs.32,000/=

and also taking into consideration that all charges have been provided for including the interest and depreciation charges for inoperative portion of the machinery, the net profit of more than thirty thousand ruppees for this year is something to be proud of and it incidentally gives an idea as to the condition of the soap industry in the State. The profits earned are largely due to the sale of toilet soaps, that derived from washing soaps being comparatively small.

Total sales during the year

The total sales during the year exceeded Rs.1,72,000/= and this is more than 50% over the sales of the previous years.

Cash collections

The cash credited during the year is as follows:-

	Rs.	As.	Ps.
(1) From the Agent: By payment of cash and adjustments (including collection of arrears)	1,10,025	1	6
(2) Cash collected on account of credit sales from the Factory . ..	52,805	6	8
(3) Cash collected on account of cash-sales at the Factory	20,838	3	8
Total	Rs.1,83,668	11	10

There is a balance of Rs.12,899-7-7 outstanding against the former Agents and the Government have ordered that the Agent's deposits should be adjusted against this sum. If we consider, therefore, this sum also as paid, the total cash collected during the year would come to Rs.196,561-15-9. This position is very satisfactory.

Sundry Debtor's list shows outstandings to the

the extent of Rs.11,202-8-5, of which Rs.407-7-5 relate to Government departments. Of the balance Rs.10,795-1-0, there are three drafts of the total value of Rs.8,893-7-0 that mature in July 1922, so that the sundry debtors are responsible for only Rs.1,901-10-0 and I do not think there is any necessity to make any provision for any bad debts at all. The position of the Factory is very satisfactory on this score also.

Sundry Debtors.

Thus far it has been proved that the factory with a capital on account of machinery etc., of only Rs.32,000/= has more than justfied its existence and has been proved to be a paying proposition. But from the point of view of the Government there are one or two drawbacks which cannot be ignored. Owing to various circumstances it was not possible to expand the factory as originally intended, even though the Department made several representations to Government. The consequence of this was, the glycerine plant which was ordered on the understanding the factory would be expanded, could not be set up and worked. In fact the machinery is lying idle in original packing. This was very unfortunate. For the same reason the causticiser and the crutcher made at the Central Industrial Workshop could not be made use of and they are also lying idle. There are also two soap-boiling pans made at the Central Industrial Workshop rusting without being made use of. These two are defective in design and were condemned by me as early as 1918. While condemning them I also

The projected expansion of the Factory and the actual state of affairs.

also promised that I would give them a chance under working conditions before finally discarding them. But the chance never came and now those pans are useless and the Government should consider them as scrap and write off the loss. The pans were ordered to be made by the Department without consulting the Officer, then in charge of the factory, and it was too late to rectify the error when I took charge of the factory.

The sale of the Factory.

There was a ray of hope that the factory would be expanded when it was sold to a private Syndicate. Notices were published in the Gazette and in the press calling in tenders for the purchase of the factory. Three tenders were received and owing to one reason or other none of them was accepted and the Government ordered during November 1921 that the factory should continue under the Department for some time longer.

Government decide to expand the Factory

Accordingly I was asked to submit plans and estimates for an expanded factory and these were scrutinized by Sir Alfred Chatterton and approved of by him and it was hoped that the Government would, without further loss of time take up the work of expansion and provide the funds necessary for the work.

Fresh negotiations with one of the tenderers.

At this stage, however, fresh negotiations had to be opened with one of the tenderers for the purchase of the factory and again hopes revived that the factory would get a decent chance of expansion and the industry a permanent footing.

The party gave a good deal trouble to the Government and the Department. The Government did everything reasonable to give the best chances to the purchasers to buy up the factory and establish the industry on a permanent footing. But it was all in vain. Finally, after convincing themselves that the party negotiating for the purchase of the factory were in every way incapable of fulfilling the conditions naturally agreed upon, the Government broke off the negotiations and issued a press Communique to enlighten the public on the subject.

Therefore the expansion of the factory could not take place and another year of thwarted hopes came to a close.

The future of the Factory.

The future of the factory depends entirely on the Government. Now the negotiations for the disposal of the factory have broken down, I should like to place respectfully before them to continue the factory under Government management for a period of another three years at least and provide for its expansion. That they can run the factory without any loss to Government is more than evident. The only difficulty that may be urged against this policy is the Government may not have enough funds to provide for the expansion. This should not be an insuperable difficulty. To the extent that is required the Government may call in debentures from the investing public guaranteeing an interest of 7½%. This is an experiment worth trying. Suppose, for example, we borrow ten lakhs of rupees for this purpose and work the factory. The risk the Government will take will amount to Rs.10,000/= a year

year for every per cent below 7½%. But I am sure the Government will not be called on to face the risk. From the point of view of the factory the raising of debentures means, it will be paying 1½% more than it would be required to, if the Government themselves advance the amount, since the factory is now paying to Government 6% on all capital invested in the concern. (We shall not be requiring ten lakhs at all. It will be very much less.)

There is another way of looking at this. If a private industrialist should wish to raise the same amount of money I do not think he would get it under less than 9%. But if the Government would raise the amount they would get it at 7½% or even 7%. Thus in its early stages, the industry would get the benifit of this difference of 1½% to 2% and this will be a valuable asset in developing the industry. Borrowing money for industrial investments is not at all a new idea to the Government and I am pleading for a more extended application of the same principle to be employed, let it be remembered, not for any doubtful experimental industry, but for one which has proved an eminent success as far as it has gone and which is in sore need of expansion. Whatever money the Government may invest now will be more than repaid when, say half a dozen years hence or even earlier, the Government decide to hand over the concern to private enterprise. May I be permitted to plead once more that the factory should be expanded without any further delay? Even if the Government should decide to hand over the Factory

Factory to private ownership, may I suggest the work of expansion may be taken on hand immediately, so that no time need be wasted during the time the negotiations are proceeding? It may be made binding on the purchaser that the programme of extention approved of by the Government should be one of the binding conditions of the transfer of the factory. Afterall, what are we offering to the public? An imperfect factory! Suppose the intending purchaser says that he cannot pay and will not pay until you prove to his satisfaction that the glycerine plant works alright. In that case the Government will be compelled to set up the plant and bring it into working condition. Why not do that now and then offer the factory as a complete unit? Why should not the Government offer the factory for sale after proving that the industry is complete in all its aspects?

If only the Government can give me two lakhs of rupees for the time being or allow me to raise through debentures the same amount, I shall expand the factory concentrating more and more on toilet soaps and also erecting the glycerine recovery and refining plant. My representations for last four years to expand the factory have not resulted in any additional grant of money from the Government and my appeals have hitherto been in vain. I am hoping this last appeal of mine will influence the Government to decide upon an immediate expansion of the factory. Let me not be misunderstood on one point. I am not suggesting that the Government should ever continue as owners of such industries. My sole point is, having started a thing, let us

us bring it into a decent condition and offer it to the public in as complete a form as possible, but not in the present incomplete form.

The Sole Agency

Messrs. V. Papiah Chetty and Bros., continued to act as sole agents for the sale of factory products till the end of February 1922. Their agency came to a termination on that date. They owed the factory on that date a sum of Rs.15,240-4-1, and the Government have ordered that this sum should be adjusted out of the two deposit amounts we held (total Rs.12,500/=) and also some amount that was due to them as commission.

Sale arrangements

Since the cancellation of the Agency the factory is conducting sales directly with the customers. The Industrial Chemist was deputed to Bombay, Madras, Hyderabad and some other places en route to find out a market for the stock of soap on hand. During his tour he booked orders for more than Rs.50,000/= worth of soaps. Two notable orders were booked, one in Bombay for nearly Rs.20,000/= and another in Madras for nearly Rs.28,000/=. The arrangement was to supply the soaps in batches at regular intervals. More than Rs.30,000/= (thirty thousand) have been received on account of these orders and there are outstanding drafts outstanding to the extent of Rs.5682-13-0 and these mature very shortly. Sales through local commission agents exceeded Rs.20,000/= during the same period. The maximum commission allowed on amounts realised has been 5%. In the case of the order from Bombay an earnest money of Rs.1,000/= has been received,

Everybody is clamouring for more and more advertisement and I am separately obtaining the permission of the Director to spend a thousand rupees for this purpose.

If the Government decide to keep the factory for some time longer, it will be necessary to make arrangements for a separate sole agency for the sale of the products of the factory.

This was continued as necessity arose and as the raw materials were available. The most notable one was the distillation of more than three tons of Patchouly leaves and the distillation resulted in a profit to the factory. All the lemongrass oil required in the factory was distilled from the grass grown in the factory premises. Fairly large quantities of Bellary leaves, Devadariwood, Chigatamariwood and Chambalika wood were distilled and they were analysed by a famous firm of Essential oil Manufacturers in Grasse', France (Messrs. Roure Bertrand Fils). They are under investigation in London also by Mr. C. T. Bennett (of Messrs. Wright Layman and Umney) my professor in London. The investigation could not be undertaken by me for want of a properly equipped laboratory.

The distillation of Essential oils.

Letters were received from America and Japan very highly appreciating our toilet soaps and sample consignments have been sent to those countries with a view to business.

Appreciation from Foreign countries

The Factory was very proud to receive an order from the Government House, Mysore, to supply

supply Guests tablets for use during the visit of H. R. H. The Prince of Wales. Special Guests' tabl-ets were prepared and sent. Later on, one or two gentlemen who had used our soaps in the camp wrote to the factory and placed small orders for our toilet soaps.

Guests' Tablets.

The Bangalore Cotton Woollen and Silk manufacturing Company are our regular buyers of our washing soaps. Last ~~yet~~ year they bought from the factory nearly five tons of our soaps. This is a valuable testimoney for the excellance of our products.

Messrs. Binny & Co.,

As an experiment the factory placed on the market small quantities of two toilet preparations and more could not be done for want of suitable bottles. One of them was Eau-de-cologne, as a handkerchief perfume. The factory sold about 140 bottles of them at the rate of Re.1/= per bottle and realised some profit. The other was a toilet preparation for the hair and 310 bottles of them were sold at the rate of Re.1/= per bottle. In this case also a decent profit was made. In both the cases a commission of 25% was allowed to the shopkeepers. It is my intention to extend this branch of the business this year and I have sought the sanction of the Director to spend about Rs.1,500/= for this purpose.

New Products.

The employees are feeling that they are entitled for some recognition of their

Bonus to workmen.

work. I had made several representations on the subject and for various reasons the matter could not be settled one way or the other. I am submitting a separate representation to the Director once more for the sanction of Rs.1,500/= to be distributed amongst the workmen. This practice of giving bonus to employees is recognised already by the Government in the case of the Sandalwood Oil Factory. I do not think that anybody will grudge paying something to those workmen who have worked continuously for more than three years in the Factory.

Apprentices. There was only one apprentice in training during the year. This boy has been with me for nearly three years and he has been trained by me in several different branches of factory. His scholarship terminated on June 30th 1922, and I am absorbing him in the factory. He is a duly qualified candidate from the Government Mechanical Engineering School.

Employment of girl labour The employment of girls for wrapping and packing work was tried and was found very successful. There are now about fifteen girls working in the factory.

Accidents. There were no accidents in the Factory.

Medical Inspection. The medical inspection was regular and the workmen have taken advantage of the system and I request that the present arrangement may continue. The Doctor is exceedingly popular amongst the workmen.

Visitors.

There was the usual run of visitors from all parts of India. They were all received courteously and shown over the works. Every visiter received a sample packet of soaps manufactured in the factory. This has acted as a great advertisement to us. This year lady visitors were more in number than in previous years. Several parties of school children in charge of the school teacher visited the factory.

Technical Journals.

The factory continued to subscribe for some of the technical journals dealing with matters of importance to the Industry.

I submit the above report, sir, for your kind approval.

I have the honour to be,

Sir,

Your most obedient servant,

Industrial Chemist.

DEPARTMENT OF INDUSTRIES AND COMMERCE IN MYSORE.

NOTIFICATION No.

The arrangements made in pursuance of the notice dated the 27th May 1921 for the transfer of the Mysore Government Soap Factory having been terminated by Government for non-compliance with the terms thereof, sealed tenders will be received for the purchase of the Government Soap Factory, as a going concern, in the office of the Director of Industries and Commerce upto 12 noon of the 31st October 1922.

2. The reputation of the Mysore Soaps is now sufficiently well established and the demand for them at present is far in excess of the output of the factory. The factory yields a high rate of profit and the concern can be made still more remunerative if developed with adequate capital. Full information can be obtained by bona-fide applicants from the Industrial Chemist in charge of the Government Soap Factory as to the results of the last year's operations on payment of a fee of Rs.5/- (Rupees five only). Rough estimates of the probable amounts required for the development of the Factory can also be obtained from him on payment of a fee of Rs.25/- (Rupees Twenty five only).

3. Each tender must be accompanied by a deposit of Rs.5,000/- (Rupees Five thousand only) in cash or in currency notes and should be superscribed "TENDERS FOR THE PURCHASE OF THE GOVERNMENT SOAP FACTORY". Tenders without the deposit amount will not be considered. The deposit in the case of the successful tenderer will be credited towards the purchase value and returned in the case of others. The deposit will be forfeited to Government if the successful tenderer fails to comply with any of the conditions of the tender or fails to pay in full the full purchase value and take over the concern within the time fixed on the acceptance of the tender.

The

4. The tender will be subject to the following conditions and tenderers are requested to give ~~exhaustive~~ complete and clear information in respect of their ability to comply with each of the conditions:-

(a) Preference will be given to applications from natives of Mysore by birth, or by domicile, who are able to start a Joint Stock Company to take over the enterprise, or from Joint Stock Companies already existing in the State or that may be formed for the purpose of promoting and developing the Soap Factory ~~and registered in Mysore.~~

(b) Applicants from outside the State shall be required to satisfy the following conditions:-

(i) that a Joint Stock Company will be floated and registered in Mysore.

(ii) that not less than one-third of the shares will be reserved for Mysoreans.

(iii) that provision will be made for Mysore representatives on the Directorate.

(iv) that the Factory will not be removed outside Mysore Territory.

(v) that they will associate the people of Mysore in any other reasonable manner that the Government may direct with the undertaking.

(c) No tender will be considered unless Government are satisfied that the tenderer will be in a position to raise the capital that the Government may deem necessary for the full development of the Factory. Each tender should indicate the total amount proposed to be raised for the development of the Factory and the manner in which the capital will be guaranteed.

(d) The transfer of the factory will be made only on payment of the full ~~value~~ amount of the purchase money in cash. The purchase money should include all the Assets of the factory and the amount that may be paid to Government in cash or in shares as "Goodwill". The assets consist of:-

"A"	1. Machinery 2. Tools & plant 3. Furniture	"B"	1. Goods under process 2. Finished stock of goods 3. Raw materials.

N.B. Complete list of the assets of class 'A" may be had on application to the Industrial Chemist in charge of the Government Soap Factory with a remittance of Rs.5/-. An approximate idea of cost of stock under class "B" can be formed on application to the Industrial Chemist who has been authorised to furnish figures under these heads as on 30th June 1922 to those who have obtained from him a copy of the Fixed Assets, the actual stock being valued at market rates at the time of handing over the concern.

(e) The purchaser should pay for all machinery (including the Glycerine Recovery plant) already ordered or any that may be ordered for the factory whether installed and in operation or otherwise at the Government valuation and will be bound by all arrangements that may

In line 5 of 4(a) add "and registered in Mysore" between "that may be formed" and "for the purpose x x".

Approved
Rec

Omit Sub-para (v) of 4 (b).

approved
Rec

have been made by the Department in connection with the Factory prior to the transfer.

(f) A period not exceeding three months from the date of intimation of acceptance of the tender will be allowed for payment of the purchase money and making all other arrangements that may be necessary to take over the Factory.

(g) Each tender should also state the amount that would be paid as "Goodwill".

(h) the purchaser will be required to move from the present site and vacate the Government building within a period not exceeding one year under any circumstances, and pay such rent as may be fixed by Government for the use of the site and the buildings while the factory is continued thereon.

5. The final acceptance of the tender will rest with the GOVERNMENT OF MYSORE who are not bound to accept the highest or other tender or assign any reason for the acceptance or rejection of any tender. Government reserve to themselves the right to impose such further conditions as they may deem fit in accepting the tender to ensure permanent continuance of the factory within the State and its satisfactory development and management.

Director of Industries and Commerce

9/8/22

Add as N.B 4-(9):- The final purchaser will not be permitted to use the name "Mysore Govt Soap Factory" but there will be no objection to the Successors to the Mysore Govt Soap Factory."

Insert after "one year", "from the date of the final intimation of acceptance of offer by Government".

approved
Reed
11.8.22

9-8-22

(27

G. R. S. VI—G/32]

SUBJECT.....

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Diary No. of letter replied to.....

General and Revenue Secretariat

(.)

, *the* 191 .

Section D.I.C

File No. 29-22

Serial No. 3

No. 1511. / Encs 3.

Date of issue 7th September 1922

Signed by Mr. M.S.R Row

To

The Director D.I.C.

Sir,

With reference to the correspondence ending with your letter no. G.C. 50 dt 25.7.22 submitting draft of a notification calling for tenders for the purchase of the Govt. Soap Factory I am directed to forward herewith the draft as approved by Govt. and to

over.

2o) ... he accom
... you to take further
request that this notice
... publication in the
... Gazette as early as possible.

Flett
11.8.22

... Mr. Gen. Secy.
... 9/8/22
... Gen. Secy.

RR
8.8.22

List of enclosures.

Copied by

Examined by

Telegrams.—Industries, Bangalore.
Codes—A. B. C. 5th Edition, Bentley.

Immediate

Telephone No. 29.

Mr. P. G. D'Souza,
Director.

OFFICE OF THE DIRECTOR OF INDUSTRIES AND COMMERCE.

Our Reference. G.C. 50/22-23
Your Reference.

Bangalore, 8th September 1922.

GEN. & REV. SECRETARIAT
D 1224
8 SEP 1922
INDUSTRIES & COMMERCE.
BRANCH.

Dear Sir Venkata Rao,

With reference to your letter No. IC. 1561/I & C dated the 7th September 1922 regarding the notification inviting tenders for the purchase of the Government Soap Factory just received, I consider that at least three months' time is necessary for persons to make the necessary preliminary arrangements before making a satisfactory tender. Kindly obtain approval of Government to change the date 31st October 1922 in the First para to 15th December 1922. It is necessary to give wide publicity to the fact and attract good appli-cants. It is therefore desirable to give a sufficiently long period for applying. Kindly let me know the orders of Government by to-morrow evening if possible.

Yours sincerely,

B. Venkoba Rao, Esq., B.A.
Secretary to Govt. General Deptt.
Bangalore.

USC)

G. R. S. VI—G/32]

SUBJECT.....

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.....

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

, *the* 191

Date of issue 15/9/1922

Signed by Mr. M.S.R.

Section I & C

File No. 29 - 22

Serial No. 5

No. 1730.

To

The Circle Inspr.

Sir,

With reference to your
letter no. G.C. 50 of 8.9.22
requesting approval of Govt.
to change the last date for
submission of tenders for the
purchase of the Govt. Soap
factory from 31st Oct. 1922
to 15th December 1922,
I am directed to convey the
approval of Govt to
~~not~~ the proposed change
over.

~~may be made in the notice~~

3) In the notice
Calling for tenders.

Manueli

M.B. 11/9

for Secl. Sec

11.9.22

to

11/9/22

Secl
15-9-22

List of enclosures.

Copied by

Examined by